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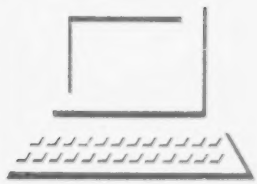
FOOD MARKETING INSTITUTE

Information Systems Study 1991



Information Systems Study 1991

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The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education and public affairs on behalf of its 1,500 members -- food retailers and wholesalers and their customers in the United States and around the world. FMI's domestic member companies operate approximately 19,000 retail food stores with a combined annual sales volume of $180 billion - more than half of all grocery sales in the United States. FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes more than 250 members from over 60 nations.

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EXECUTIVE SUMMARY

FMI's Information Systems Study examines various facets of the information systems department of food distribution companies. Being in a very dynamic and fast-paced industry, it is crucial to have timely and accurate information not only to aid in the day-to-day operational functions, but also to perform more intelligent strategic business decisions. This report captures not only 1991 data, but also data from the past five years to help you see the trends in information systems departments.

Operations comprises the single largest job category within the information systems department, representing half of all information systems personnel. Systems, support and management follow with 29, 17 and four percent of the total department, respectively.

Overall, the average number of employees in the information systems department has increased by seven percent to 91 in 1991. Retailers have an average of 77 employees in the information systems department, while wholesalers have an average of 137.

In 1991, the typical information systems department budget represented 0.40 percent of sales, down from 0.44 percent in 1990. However, the dollar amount allocated to the average information systems department has grown by 4.76 percent since 1990. In 1991, the average company spent $4.2 million on salaries, including fringe benefits, up by 13.5 percent from 1990. Wages and salaries remain the single largest expense within the information systems department, comprising 38 percent of total expenses.

About four-fifths of the typical budget is allocated to headquarters and distribution center systems; the rest is allocated to store systems.

Budget forecasts for the coming fiscal year have been increasing at a decreasing rate. In the four years between 1987 and 1990, the average increase was 6.86 percent. In 1991, the increase was 4.79, about three percentage-points less than that of 1990.

The typical information system department has increased budgetary responsibilities for word processing, voice communications and retail services compared to 1990, although personal computers remain the most common area of budgetary responsibility.

Companies are using a wider variety of technology today, at both the limited and advanced levels, than they have since 1987. The most popular technologies used at advanced levels are operating systems (65 percent), in-store processing (43 percent), EFT/ATM's (34 percent) and shelf space allocation applications (26 percent).

The primary concerns of information system executives regarding the future are the implementation of technology; system/hardware/software selection, support and maintenance; and cost management.

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PERSONNEL

Job Categories

There have been trend reversals regarding the percentage of information systems personnel in three job categories since 1990. The percentage of operations personnel decreased 10 percentage points from 48 to 38 percent between 1987 and 1989. Since 1989, however, there has been a 12 percentage point increase, from 38 to 50 percent. On the other hand, the percentage of support personnel increased from 12 to 22 percent between 1987 and 1989, but decreased to 17 percent in 1991. Likewise, the percentage of systems employees increased to 36 percent from 1987 to 1989, but dropped to 29 percent in 1991 (Figure 1-1).

Interestingly, while the percentages have changed in the past five years, the relative proportions of employees in each job category have remained constant. Operations continues to have the largest proportion of information system employees, followed by systems, support and management, respectively (Figure 1-1). This is true for wholesalers, although systems make up the largest proportion of the information systems department among retailers (Figures 1-2 and 1-3).

Q1. PLEASE PROVIDE THE NUMBER OF EMPLOYEES IN YOUR COMPANY DIRECTLY INVOLVED IN THE INFORMATION SYSTEMS FUNCTION.

FIGURE 1-1

INFORMATION SYSTEMS JOB CATEGORIES, 1987–1991
ALL COMPANIES

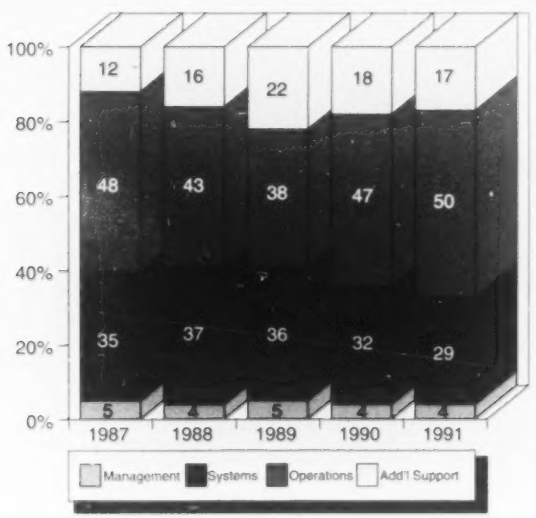


FIGURE 1-2

INFORMATION SYSTEMS JOB CATEGORIES, 1987–1991
RETAILERS

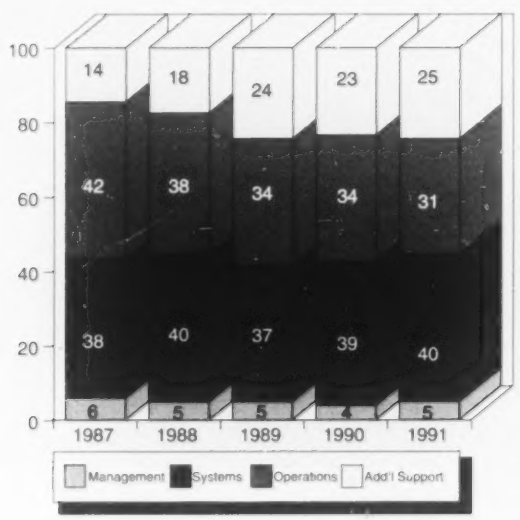


FIGURE 1-3

INFORMATION SYSTEMS JOB CATEGORIES, 1987–1991
WHOLESALERS

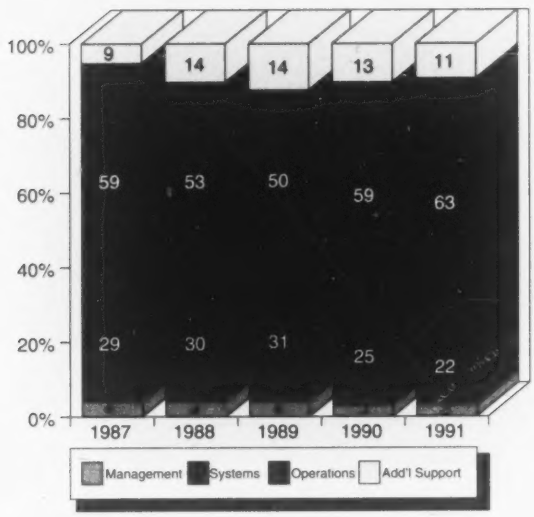


TABLE 1-1

INFORMATION SYSTEMS JOB CATEGORIES BY SALES – ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	79	21	7	14	22	15
	%	%	%	%	%	%
IS MANAGEMENT:						
SENIOR MANAGEMENT	2	4	5	2	3	1
GENERAL ADMINISTRATION/ SECRETARIAL	2	2	3	2	2	2
TOTAL MANAGEMENT	4	7	8	4	4	4
SYSTEMS:						
ADMINISTRATION & MANAGEMENT	4	3	4	3	2	4
DATA BASE/DATA ADMINISTRATION	1	1	1	-	1	1
PROJECT MANAGEMENT	5	2	4	3	4	5
DEVELOPMENT (ANALYST/ PROGRAMMERS)	19	18	26	24	26	18
OTHER	1	-	-	1	1	1
TOTAL SYSTEMS	29	25	35	31	35	29
OPERATIONS:						
ADMINISTRATION/MANAGEMENT/ SUPERVISION	8	6	7	6	4	9
OPERATIONS	23	12	20	20	15	24
DATA ENTRY EMPLOYEES	11	13	6	13	10	11
OTHER	8	2	2	4	3	9
TOTAL OPERATIONS	50	34	35	43	31	52
ADDITIONAL SUPPORT AREAS:						
STORE SYSTEMS SUPPORT	4	5	10	4	7	3
SCANNING SUPPORT	1	12	2	4	2	1
INFORMATION CENTER	1	2	-	1	3	1
HELP DESK	2	3	2	4	3	2
DATA SECURITY	-	-	-	-	1	-
TRAINING	-	-	-	-	1	-
TELECOMMUNICATIONS VOICE	1	1	2	-	2	1
TELECOMMUNICATIONS DATA	2	2	-	1	3	2
TECHNICAL SUPPORT/SYSTEMS PROGRAMMERS	4	3	4	4	4	4
QUALITY ASSURANCE	1	-	1	1	-	1
OTHER	1	3	-	3	3	-
TOTAL ADDITIONAL SUPPORT	17	34	22	21	29	15

NOTE: DATA WEIGHTED 1990 COMPANY SALES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 1-2

INFORMATION SYSTEMS JOB CATEGORIES BY SALES -- RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	60	19	4	10	16	11
	%	%	%	%	%	%
IS MANAGEMENT:						
SENIOR MANAGEMENT	2	4	6	3	2	2
GENERAL ADMINISTRATION/ SECRETARIAL	3	2	1	2	2	3
TOTAL MANAGEMENT	5	7	7	5	4	5
SYSTEMS:						
ADMINISTRATION & MANAGEMENT	4	3	6	5	2	4
DATA BASE/DATA ADMINISTRATION	2	1	1	-	2	2
PROJECT MANAGEMENT	5	3	2	3	3	5
DEVELOPMENT (ANALYST/ PROGRAMMERS)	28	18	30	27	27	28
OTHER	1	-	-	1	1	1
TOTAL SYSTEMS	40	26	39	36	35	40
OPERATIONS:						
ADMINISTRATION/MANAGEMENT/ SUPERVISION	4	6	6	5	4	4
OPERATIONS	17	12	20	20	14	18
DATA ENTRY EMPLOYEES	7	12	2	9	7	7
OTHER	3	3	2	1	3	3
TOTAL OPERATIONS	31	32	30	35	28	32
ADDITIONAL SUPPORT AREAS:						
STORE SYSTEMS SUPPORT	5	5	6	6	9	4
SCANNING SUPPORT	1	13	5	3	2	1
INFORMATION CENTER	2	2	-	2	3	1
HELP DESK	4	4	3	6	4	4
DATA SECURITY	-	1	-	-	1	-
TRAINING	1	-	1	-	1	-
TELECOMMUNICATIONS VOICE	1	1	2	-	2	1
TELECOMMUNICATIONS DATA	2	2	-	1	4	2
TECHNICAL SUPPORT/SYSTEMS PROGRAMMERS	6	4	6	5	4	7
QUALITY ASSURANCE	1	-	-	-	1	1
OTHER	1	3	-	2	3	1
TOTAL ADDITIONAL SUPPORT	25	35	23	24	33	23

NOTE: DATA WEIGHTED 1990 COMPANY SALES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 1-3

INFORMATION SYSTEMS JOB CATEGORIES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	19
	%
IS MANAGEMENT:	
SENIOR MANAGEMENT	1
GENERAL ADMINISTRATION/ SECRETARIAL	2
TOTAL MANAGEMENT	3
SYSTEMS:	
ADMINISTRATION & MANAGEMENT	4
DATA BASE/DATA ADMINISTRATION	1
PROJECT MANAGEMENT	5
DEVELOPMENT (ANALYST/ PROGRAMMERS)	13
OTHER	
TOTAL SYSTEMS	
OPERATIONS:	
ADMINISTRATION/ MANAGEMENT/SUPERVISION	11
OPERATIONS	27
ENTRY EMPLOYEES	14
OTHER	12
TOTAL OPERATIONS	63
ADDITIONAL SUPPORT AREAS:	
STORE SYSTEMS SUPPORT	3
SCANNING SUPPORT	1
INFORMATION CENTER	1
HELP DESK	-
DATA SECURITY	-
TRAINING	-
TELECOMMUNICATIONS VOICE	1
TELECOMMUNICATIONS DATA	1
TECHNICAL SUPPORT/ SYSTEMS PROGRAMMERS	3
QUALITY ASSURANCE	-
OTHER	-
TOTAL ADDITIONAL SUPPORT	11

NOTE: DATA WEIGHTED 1990 COMPANY SALES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

Average Number of Employees

Overall, the average number of information system employees of food distribution companies has increased by seven percent since 1990. This is due to a 22 percent increase from an average of 63 to 77 employees among retailers and a 24 percent decrease of 181 to 137 employees among wholesalers (Figure 2-1). Not surprisingly, firms with large annual sales are more likely to have more information system employees than smaller companies (Table 2-1).

Q1. PLEASE PROVIDE THE NUMBER OF EMPLOYEES IN YOUR COMPANY DIRECTLY INVOLVED IN THE INFORMATION SYSTEMS FUNCTION.

FIGURE 2-1

AVERAGE NUMBER OF INFORMATION SYSTEMS EMPLOYEES BY COMPANY TYPE, 1987–1991

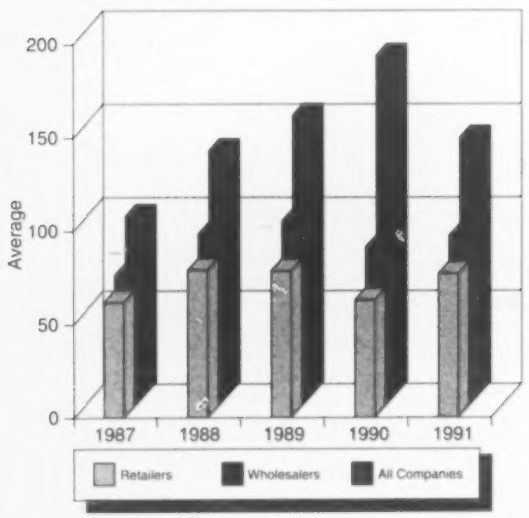


TABLE 2

AVERAGE NUMBER OF INFORMATION SYSTEMS EMPLOYEES BY SALES AND COMPANY TYPE

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$ 50-249	$ 250-499	$ 500-999	$ 1000-2999	$ 3 BILLION+
BASE	79	21	7	14	22	15
RETAILERS	77	28	16	35	83	214
WHOLESALERS	137	15	27	100	98	377
ALL COMPANIES	91	27	21	53	87	257

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

BUDGET

Types of Expenses

Wages and salaries, which decreased four percentage points to 36 percent between 1987 and 1990, increased to 38 percent in 1991. Equipment, at 28 percent, is at about the same level it has been since 1988 (Figure 3-1).

Wages and salaries continue to comprise the largest expense within the information systems department, followed by equipment and fringe benefits. This is true for retailers (Figure 3-2) although wages and equipment make up the same percentage of expenses among wholesalers (Figure 3-3).

Q2.	FOR THIS FISCAL YEAR, PLEASE PROVIDE THE PERCENT OF YOUR TOTAL COMPANY INFORMATION SYSTEMS EXPENSE BUDGET ALLOCATED TO EACH OF THE FOLLOWING AREAS. PLEASE EXCLUDE ALL EQUIPMENT AND MAINTENANCE COSTS FOR IN-STORE SYSTEMS.

FIGURE 3-1

TYPES OF INFORMATION SYSTEMS EXPENSES, 1987–1991
ALL COMPANIES

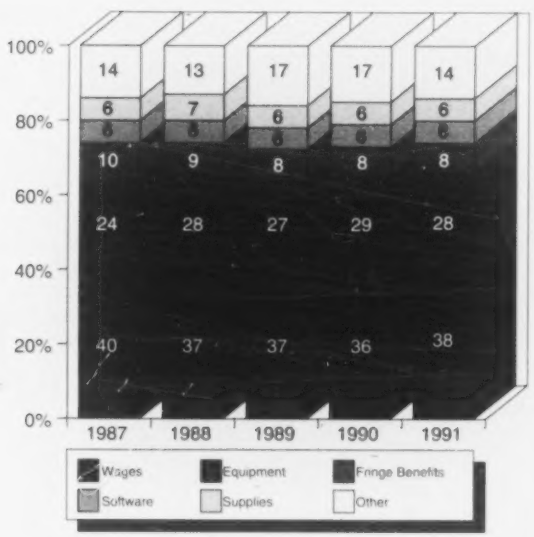


FIGURE 3-2

TYPES OF INFORMATION SYSTEMS EXPENSES, 1987–1991
RETAILERS

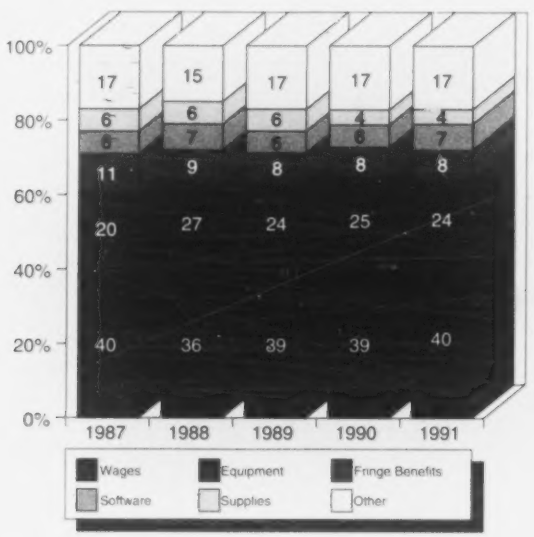


FIGURE 3-3

TYPES OF INFORMATION SYSTEMS EXPENSES,
1987–1991
WHOLESALERS

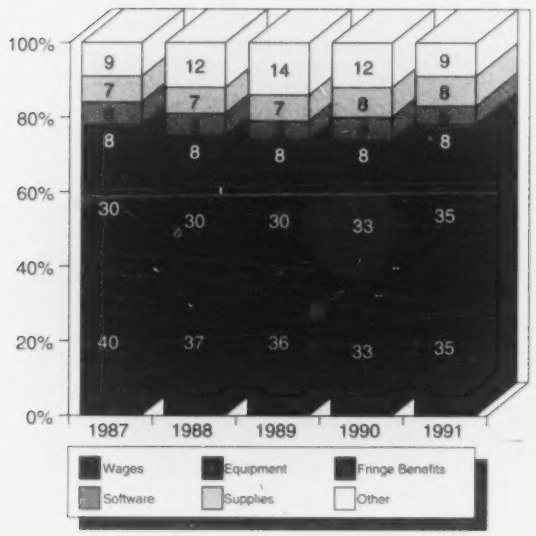


TABLE 3-1

TYPES OF INFORMATION SYSTEMS EXPENSES BY SALES – ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	65	14	5	12	20	14
	%	%	%	%	%	%
WAGES AND SALARIES	38	39	31	40	41	36
EQUIPMENT (RENTAL, MAINTENANCE AND DEPRECIATION)	28	23	28	24	22	31
EMPLOYEE FRINGE BENEFITS	8	9	7	8	9	8
SOFTWARE RENTAL, AMORTIZATION, AND PURCHASE	6	3	19	4	9	6
SUPPLIES	6	8	5	10	6	5
OVERHEAD	3	0	1	3	1	4
DATA COMMUNICATIONS	2	0	1	3	3	2
OUTSIDE PROFESSIONAL SERVICES	2	1	1	3	3	2
VOICE COMMUNICATIONS	2	0	5	1	4	2
EDUCATION, TRAINING	1	1	1	2	1	1
DISASTER RECOVERY	1	0	1	1	0	1
SERVICE BUREAUS	0	1	3	0	-1	0
OTHER	3	15	4	3	2	2

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 3-2

TYPES OF INFORMATION SYSTEMS EXPENSES BY SALES – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	48	12	3	9	14	10
	%	%	%	%	%	%
WAGES AND SALARIES	40	38	28	40	42	39
EQUIPMENT (RENTAL, MAINTENANCE AND DEPRECIATION)	24	24	24	29	21	25
EMPLOYEE FRINGE BENEFITS	8	9	6	7	8	9
SOFTWARE RENTAL, AMORTIZATION, AND PURCHASE	7	3	28	5	9	7
SUPPLIES	4	8	3	10	6	3
OVERHEAD	3	0	1	2	1	4
DATA COMMUNICATIONS	3	0	2	3	3	3
VOICE COMMUNICATIONS	3	0	0	0	5	2
OUTSIDE PROFESSIONAL SERVICES	2	1	1	1	3	2
DISASTER RECOVERY	1	0	0	1	1	2
EDUCATION, TRAINING	1	1	1	2	1	1
SERVICE BUREAUS	0	0	5	0	-2	0
OTHER	4	15	2	0	2	3

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 3-3

TYPES OF INFORMATION SYSTEMS EXPENSES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	17
	%
WAGES AND SALARIES	35
EQUIPMENT (RENTAL, MAINTENANCE AND DEPRECIATION)	35
EMPLOYEE FRINGE BENEFITS	8
SOFTWARE RENTAL, AMORTIZATION, AND PURCHASE	5
VOICE COMMUNICATIONS	1
DATA COMMUNICATIONS	2
SERVICE BUREAUS	0
OUTSIDE PROFESSIONAL SERVICES	2
EDUCATION, TRAINING	1
SUPPLIES	8
OVERHEAD	2
DISASTER RECOVERY	0
OTHER	1

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

Expense Allocation

The average dollar amount allocated to the information systems department rose from $5.0 million in 1987 to $8.8 million in 1991, representing a 76 percent increase in the past five years or an annual increase of 15.2 percent. Total expenses for salaries of information system personnel, including fringe benefits, increased by 91 percent from $2.2 million in 1987 to $4.2 million in 1991, or an average yearly increase of 18.2 percent. Average expenses for salaries, exclusive of benefits, grew by 83 percent to $3.3 million in 1991, reflecting an average annual increase of 16.7 percent. The difference in growth rates indicates that benefits increased at a faster rate than salaries (Figure 4-1).

Compared with 1990, the average dollar amount allocated to the information systems department grew by 4.76 percent to $8.8 million. Total salaries, including fringe benefits, rose by 13.5 percent from a year ago.

The average dollar amount spent by wholesalers on information systems personnel salaries tends to be larger than that spent by retailers (Figures 4-2 and 4-3). However, the percentage increase in the amount spent by retailers between 1987 and 1991 was higher than that spent by wholesalers. Retailers had a 100 percent salary expense increase between 1987 and 1991 compared to a 68 percent increase among wholesalers. Excluding fringe benefits, retailers had an average salary expense increase of 107 percent from 1987 to 1991 compared to a 70 percent increase in the same expense among wholesalers. Moreover, the salary expense of retailers increased by 41 percent to $3.8 million between 1990 and 1991, while that of wholesalers declined by 21 percent to $5.2 million from $6.6 million a year ago.

Q3.	PLEASE PROVIDE THE FOLLOWING INFORMATION SYSTEMS EXPENSE BUDGET NUMBERS FOR THIS FISCAL YEAR.

FIGURE 4-1

AVERAGE $ EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT (MILLIONS), 1987–1991
ALL COMPANIES

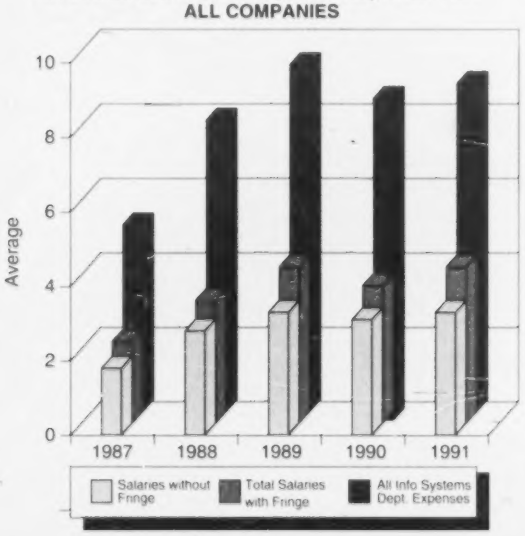
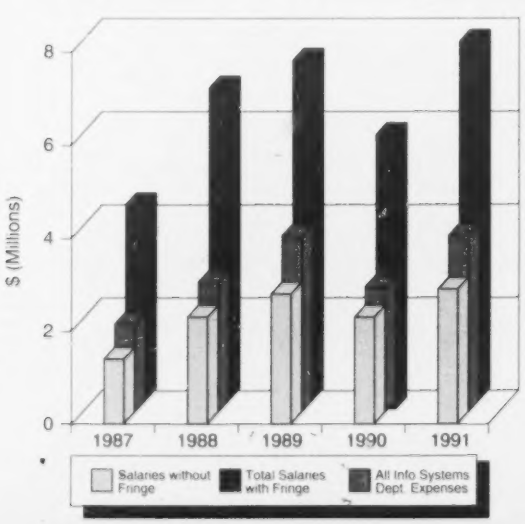


FIGURE 4-2

AVERAGE $ EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT (MILLIONS), 1987–1991
RETAILERS



Companies that have annual sales between $250-$499 million generally spend less on information systems personnel than those that have sales of $50-$249 million or more than $500 million. Most companies that earn at least $3 billion in annual sales spend more than smaller firms (Table 4-1).

FIGURE 4-3

AVERAGE $ EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT (MILLIONS), 1987–1991
WHOLESALERS

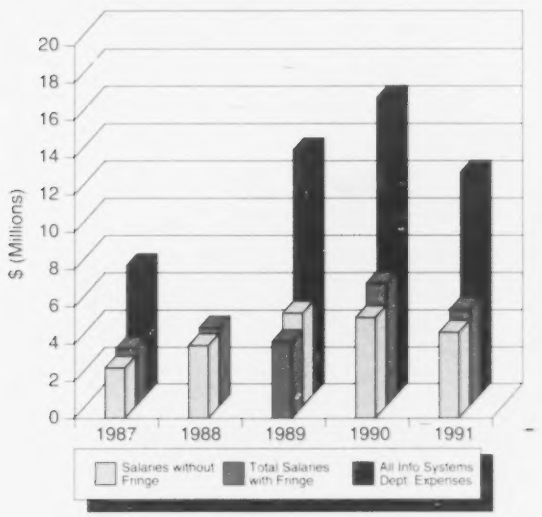


TABLE 4-1

AVERAGE DOLLAR EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT BY SALES -- ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS) $50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	61	12	6	10	19	14
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, INCLUDING FRINGE BENEFITS*	$4206664	$1104284	$746802	$1376324	$3428553	$11426323
TOTAL RESPONDENTS	65	12	6	13	20	14
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, EXCLUDING FRINGE BENEFITS*	$3321461	$868798	$619754	$1573469	$2548654	$9308763
TOTAL RESPONDENTS	66	14	6	12	20	14
BUDGET DOLLARS ALLOCATED TO ALL INFORMATION SYSTEMS DEPARTMENT EXPENSES*	$8807411	$2018752	$1827661	$3745859	$7048288	$25438899

* UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 4-2

AVERAGE DOLLAR EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT BY SALES – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	44	11	3	7	13	10
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, INCLUDING FRINGE BENEFITS*	$3832053	$1172855	$611231	$1162535	$3475343	$10055805
TOTAL RESPONDENTS	48	12	3	9	14	10
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, EXCLUDING FRINGE BENEFITS*	$2881960	$868798	$509633	$961400	$2538709	$8218506
TOTAL RESPONDENTS	48	12	3	9	14	10
BUDGET DOLLARS ALLOCATED TO ALL INFORMATION SYSTEMS DEPARTMENT EXPENSES*	$7658708	$2220127	$1861484	$2463479	$7177419	$21273683

* UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 4-3

AVERAGE DOLLAR EXPENSE ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT BY SALES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	17
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, INCLUDING FRINGE BENEFITS*	$5176243
TOTAL RESPONDENTS	17
BUDGET DOLLARS ALLOCATED TO INFORMATION SYSTEMS DEPARTMENT SALARIES AND WAGES, EXCLUDING FRINGE BENEFITS*	$4562406
TOTAL RESPONDENTS	18
BUDGET DOLLARS ALLOCATED TO ALL INFORMATION SYSTEMS DEPARTMENT EXPENSES*	$11870621

* UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

Expenses as a Percentage of Sales

The percentage of sales budgeted to the information system department declined from 0.44 in 1990 to 0.40 in 1991, primarily because of the 0.06 percentage-point decrease among retailers (Figures 5-1 and 5-2). Among wholesalers, the percentage of sales budgeted to the information systems department is 0.46 percent, up .03 percentage points from a year ago (Figure 5-3).

In 1991, while 0.40 percent of sales was budgeted to the information systems department, the actual information system expense as a percentage of sales was 0.43 percent. This discrepancy between planned and actual expenses was true for retailers who apportioned 0.37 percent of their sales to the information systems department but spent 0.41 percent of their sales instead (Figures 5-1 and 5-2). Wholesalers spent the same percentage of sales as they projected (Figure 5-3).

Q3.	PLEASE PROVIDE THE INFORMATION SYSTEMS EXPENSE BUDGET NUMBERS FOR THIS FISCAL YEAR.

FIGURE 5-1

INFORMATION SYSTEMS EXPENSE
AS IT RELATES TO SALES, 1987–1991
ALL COMPANIES

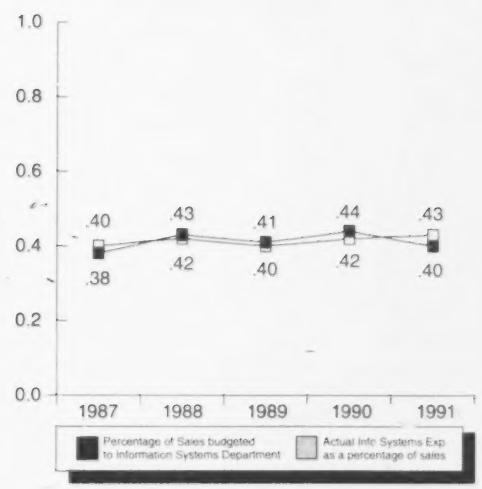


FIGURE 5-2

INFORMATION SYSTEMS EXPENSE
AS IT RELATES TO SALES, 1987–1991
RETAILERS

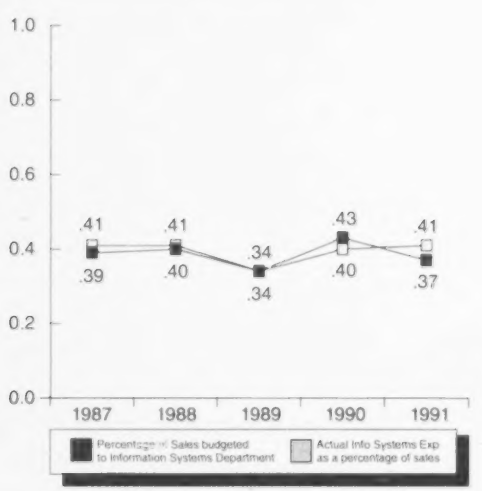


FIGURE 5-3

INFORMATION SYSTEMS EXPENSE
AS IT RELATES TO SALES, 1987–1991
WHOLESALERS

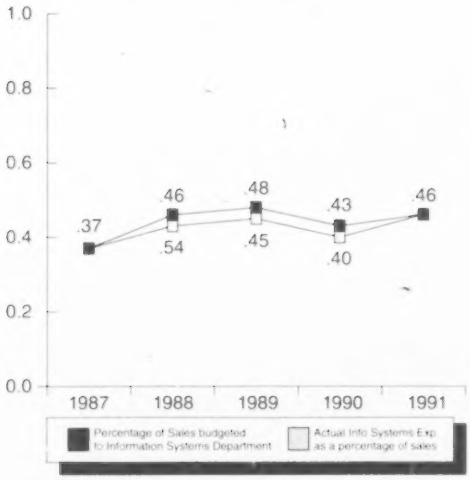


TABLE 5-1

INFORMATION SYSTEMS EXPENSE AS IT RELATES TO SALES – ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	64	14	5	11	20	14
PERCENTAGE OF NET COMPANY SALES BUDGETED TO INFORMATION SYSTEMS DEPARTMENT (THIS FISCAL YEAR)**	.40%	.43%	.52%	.39%	.49%	.36%
TOTAL RESPONDENTS	63	13	6	11	19	14
ACTUAL INFORMATION SYSTEMS EXPENSE AS A PERCENTAGE OF NET COMPANY SALES (MOST RECENT FISCAL YEAR)**	.43%	.39%	.53%	.36%	.47%	.42%
TOTAL RESPONDENTS	62	13	5	12	18	14
EXPECTED INFORMATION SYSTEMS BUDGET INCREASE FOR NEXT FISCAL YEAR**	4.79%	11.55%	8.16%	4.47%	2.64%	5.02%

** DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 5-2

INFORMATION SYSTEMS EXPENSE AS IT RELATES TO SALES – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	47	12	3	8	14	10
PERCENTAGE OF NET COMPANY SALES BUDGETED TO INFORMATION SYSTEMS DEPARTMENT (THIS FISCAL YEAR)**	.37%	.44%	.55%	.36%	.48%	.31%
TOTAL RESPONDENTS	45	11	3	8	13	10
ACTUAL INFORMATION SYSTEMS EXPENSE AS A PERCENTAGE OF NET COMPANY SALES (MOST RECENT FISCAL YEAR)**	.41%	.39%	.62%	.30%	.44%	.40%
TOTAL RESPONDENTS	45	11	3	9	12	10
EXPECTED INFORMATION SYSTEMS BUDGET INCREASE FOR NEXT FISCAL YEAR**	4.67%	12.28%	11.23%	6.01%	4.21%	3.64%

** DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 5-3

INFORMATION SYSTEMS EXPENSE AS IT RELATES TO SALES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	17
PERCENTAGE OF NET COMPANY SALES BUDGETED TO INFORMATION SYSTEMS DEPARTMENT (THIS FISCAL YEAR)**	.46%
TOTAL RESPONDENTS	18
ACTUAL INFORMATION SYSTEMS EXPENSE AS A PERCENTAGE OF NET COMPANY SALES (MOST RECENT FISCAL YEAR)**	.46%
TOTAL RESPONDENTS	17
EXPECTED INFORMATION SYSTEMS BUDGET INCREASE FOR NEXT FISCAL YEAR**	5.00%

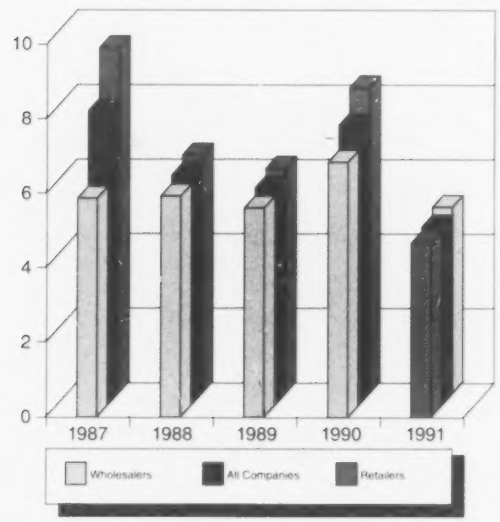
** DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

Projected budgets have been increasing at a decreasing rate. For instance, in 1990 companies had a 7.52 percent budget increase compared to 4.79 percent in 1991. This trend is true for both retailers and wholesalers, although the decline is more pronounced among retailers (Figure 6-1).

FIGURE 6-1

EXPECTED BUDGET INCREASE
FOR NEXT FISCAL YEAR, 1987–1991



Budget Allocation

The information system budget allocation has not changed much in recent years. Headquarters and distribution center systems tend to comprise about four-fifths of the total budget allocated to information systems, while store systems make up a fifth. In four of the five years since 1987, this ratio remained true except in 1989 when store systems accounted for almost a fourth of the department's budget (Figure 7-1).

Q3F. WHAT PERCENT OF YOUR TOTAL INFORMATION SYSTEMS EXPENSE BUDGET IS ALLOCATED TO:

FIGURE 7-1

INFORMATION SYSTEMS BUDGET ALLOCATION,
1987–1991
ALL COMPANIES

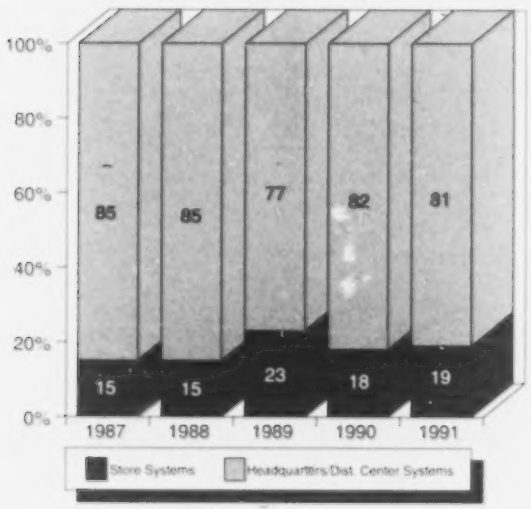


FIGURE 7-2

INFORMATION SYSTEMS BUDGET ALLOCATION,
1987–1991
RETAILERS

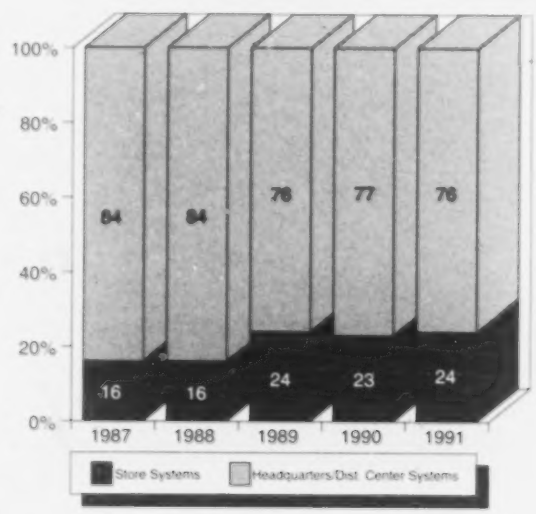


FIGURE 7-3

INFORMATION SYSTEMS BUDGET ALLOCATION,
1987–1991
WHOLESALERS

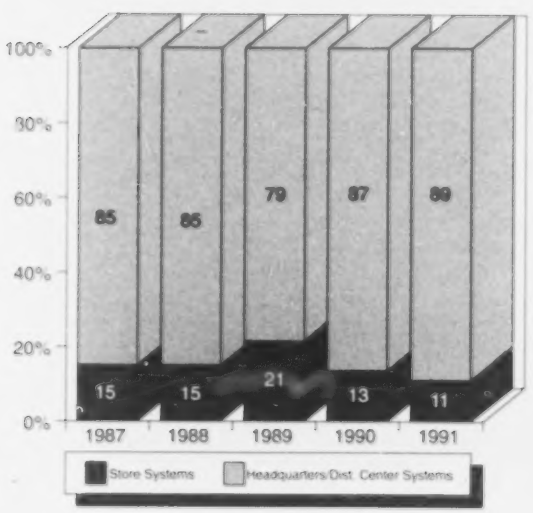


TABLE 6-1

INFORMATION SYSTEMS BUDGET ALLOCATION BY SALES – ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	62	13	6	11	19	13
	%	%	%	%	%	%
STORE SYSTEMS	19	16	17	12	25	18
HEADQUARTER/DISTRIBUTION CENTER SYSTEMS	81	84	83	88	75	82

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 6-2

INFORMATION SYSTEMS BUDGET ALLOCATION BY SALES – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	45	11	3	8	13	10
	%	%	%	%	%	%
STORE SYSTEMS	24	18	19	18	25	24
HEADQUARTER/DISTRIBUTION CENTER SYSTEMS	76	82	81	82	75	76

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 6-3
INFORMATION SYSTEMS BUDGET ALLOCATION
-- WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	17
	%
STORE SYSTEMS	11
HEADQUARTER/DISTRIBUTION CENTER SYSTEMS	89

NOTE: DATA WEIGHTED BY INFORMATION SYSTEMS EXPENSE BUDGET

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

Budgetary Responsibilities

The average information systems department is now more likely to have budgetary responsibilities for word processing, voice communications and retail services. In 1991, 50 percent of the respondents reported having budgetary responsibility over word processing, an 18 percentage point increase from 1987. In addition, today, 48 percent carry budgetary responsibility over voice communications, a 26 percentage point increase from 1987. Finally, in 1991, 46 percent reported having budgetary responsibility over retail services, a 15 percentage-point increase from 1987. All three cases reflect statistically significant increases (Figure 8-1).

The trend of information systems departments having increased budgetary responsibilities is apparent not only from the five-year perspective of 1987 to 1991, but also in comparing 1990 with 1991. For instance, in 1990, 39 percent of firms reported having responsibility over word processing. Today 50 percent of all respondents have that responsibility. A year ago, 43 percent of firms had responsibility over voice communications and 42 percent had responsibility over retail services. Today, those figures are up by five and four percentage-points, respectively.

Personal computers continue to be the most popular area of budgetary responsibility among information system departments (Figure 8-1).

Q6. DOES THE INFORMATION SYSTEMS DEPARTMENT HAVE BUDGETARY RESPONSIBILITY FOR:

FIGURE 8-1

INFORMATION SYSTEMS DEPARTMENT
BUDGETARY RESPONSIBILITIES, 1987–1991
ALL COMPANIES

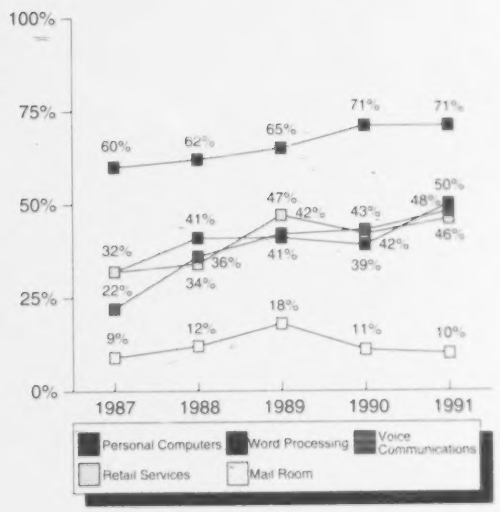


FIGURE 8-2

INFORMATION SYSTEMS DEPARTMENT
BUDGETARY RESPONSIBILITIES, 1987–1991
RETAILERS

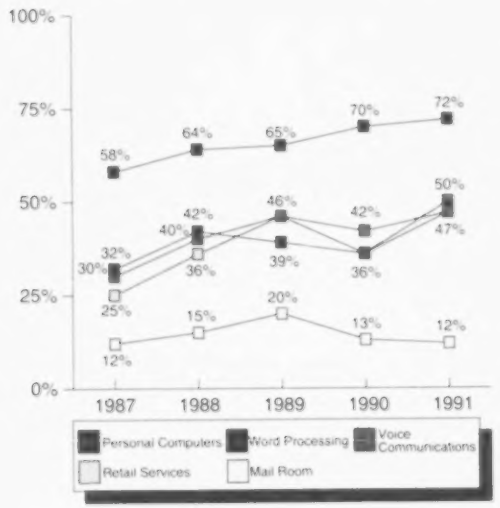


FIGURE 8-3

INFORMATION SYSTEMS DEPARTMENT
BUDGETARY RESPONSIBILITIES, 1987–1991
WHOLESALERS

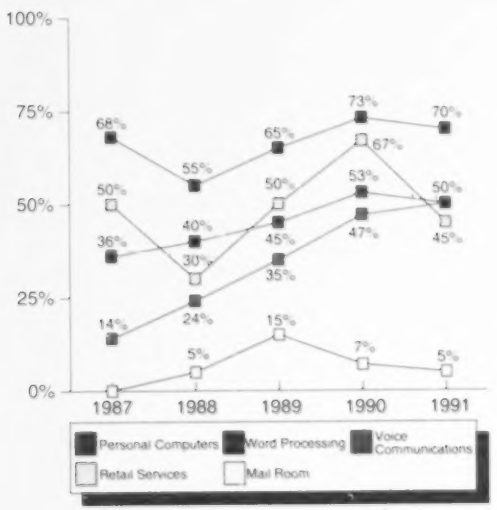


TABLE 7-1

INFORMATION SYSTEMS DEPARTMENT BUDGETARY RESPONSIBILITIES BY SALES – ALL COMPANIES

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	80	22	7	14	22	15
	%	%	%	%	%	%
PERSONAL COMPUTERS	71	73	86	64	77	60
WORD PROCESSING	50	55	43	50	41	60
VOICE COMMUNICATIONS	48	45	43	21	64	53
RETAIL SERVICES	46	36	57	57	55	33
MAIL ROOM	10	5	-	7	14	20

** MULTIPLE RESPONSES ACCEPTED

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 7-2

INFORMATION SYSTEMS DEPARTMENT BUDGETARY RESPONSIBILITIES BY SALES – RETAILERS

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	60	19	4	10	16	11
	%	%	%	%	%	%
PERSONAL COMPUTERS	72	68	75	60	81	73
WORD PROCESSING	50	47	50	60	38	64
VOICE COMMUNICATIONS	47	42	25	20	63	64
RETAIL SERVICES	47	37	50	50	63	36
MAIL ROOM	12	5	-	-	19	27

** MULTIPLE RESPONSES ACCEPTED

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 7-3

INFORMATION SYSTEMS DEPARTMENT BUDGETARY RESPONSIBILITIES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	20
	%
PERSONAL COMPUTERS	70
WORD PROCESSING	50
VOICE COMMUNICATIONS	50
RETAIL SERVICES	45
MAIL ROOM	5

** MULTIPLE RESPONSES ACCEPTED

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TIME ALLOCATION

The typical information systems department spends more than a third of its time (37 percent) performing maintenance and problem solving functions (Table 8-1).

Q4. WHAT PERCENT OF SYSTEMS DEVELOPMENT ACTIVITY INCLUDING YOUR OWN AND VENDOR TIME IS ALLOCATED TO:

TABLE 8-1
TIME ALLOCATED TO INFORMATION SYSTEMS ACTIVITIES BY SALES – ALL COMPANIES

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	76	20	6	14	22	14
	%	%	%	%	%	%
STORE SYSTEMS/SCANNING SUPPORT	21	20	18	18	23	20
INTERNAL I.S. PROJECTS	17	22	15	25	13	18
MAINTENANCE/PROBLEM SOLVING	37	27	54	39	41	34
HEADQUARTERS/DISTRIBUTION	12	17	0	6	15	12
OTHER	13	14	13	13	8	15

NOTE: DATA WEIGHTED BY TOTAL NUMBER OF SYSTEMS EMPLOYEES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 8-2
TIME ALLOCATED TO INFORMATION SYSTEMS ACTIVITIES BY SALES – RETAILERS

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	58	18	3	10	16	11
	%	%	%	%	%	%
STORE SYSTEMS/SCANNING SUPPORT	22	20	28	15	24	23
INTERNAL I.S. PROJECTS	14	19	8	16	12	15
MAINTENANCE/PROBLEM SOLVING	36	27	45	35	42	34
HEADQUARTERS/DISTRIBUTION	15	19	0	10	14	16
OTHER	13	15	19	24	7	13

NOTE: DATA WEIGHTED BY TOTAL NUMBER OF SYSTEMS EMPLOYEES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 8-3
TIME ALLOCATED TO INFORMATION SYSTEMS ACTIVITIES – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	18
	%
STORE SYSTEMS/SCANNING SUPPORT	16
INTERNAL I.S. PROJECTS	25
MAINTENANCE/PROBLEM SOLVING	39
HEADQUARTERS/DISTRIBUTION	6
OTHER	13

NOTE: DATA WEIGHTED BY TOTAL NUMBER OF SYSTEMS EMPLOYEES

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

DISASTER RECOVERY PLANS

Companies are reviewing their formal disaster recovery plans more frequently than they did five years ago, indicating a recognition of the importance of technology in store operations. In 1987, 35 percent of the respondents reported having reviewed their formal disaster recovery plans in the last 12 months. In 1991, that figure increased by 23 percentage points to 58 percent, representing a statistically significant increase from 1987 (Figure 9-1). This trend is true for both retailers and wholesalers (Figures 9-2 and 9-3). During the five-year period of 1987 to 1991, the average annual increase in the percentage of companies that reviewed their formal disaster recovery plans in the last 12 months was 13.1 percent. Those that have reviewed their disaster recovery plans in the last six months climbed 15 percentage points, to 36 percent in 1991, also representing a statistically significant increase from 1987 (Figure 9-1). Over the past five years, the average annual increase in the percentage of firms that reviewed their formal disaster recovery plans in the last six months has been 14.3 percent.

Remote hot sites remain the most popular type of disaster recovery plan. In fact, firms are more likely to use remote hot sites today than they did in 1987 (Figure 10-1).

Q5A. DO YOU HAVE A FORMAL DISASTER RECOVERY PLAN THAT HAS BEEN REVIEWED IN THE LAST 12 MONTHS?

Q5C. HAVE YOU TESTED THE DISASTER RECOVERY PLAN IN THE LAST SIX MONTHS?

FIGURE 9-1

FORMAL DISASTER RECOVERY PLAN REVIEW,
1987–1991
ALL COMPANIES

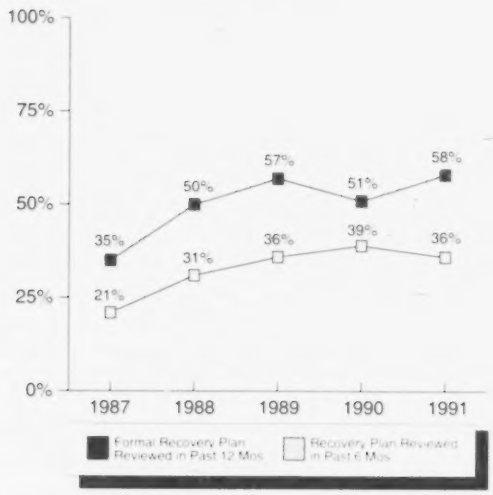


FIGURE 9-2

FORMAL DISASTER RECOVERY PLAN REVIEW,
1987–1991
RETAILERS

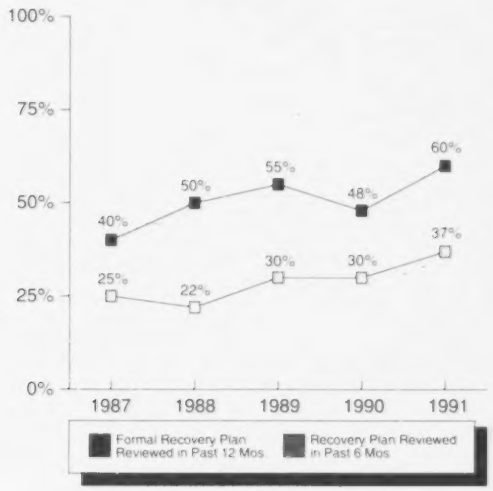
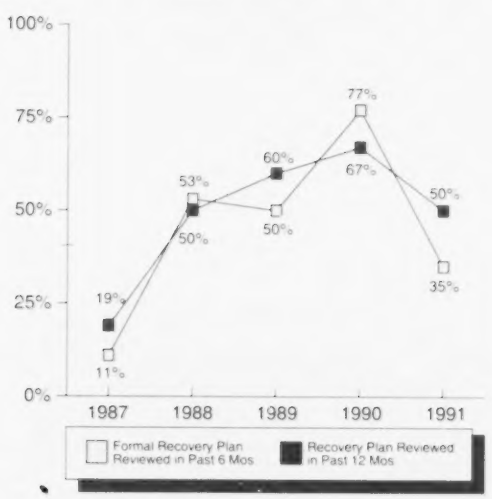


FIGURE 9-3

FORMAL DISASTER RECOVERY PLAN REVIEW,
1987–1991
WHOLESALERS



Q5B. WHAT KIND OF DISASTER RECOVERY PLAN DO YOU HAVE:

FIGURE 10-1

TYPES OF DISASTER RECOVERY PLANS, 1987–1991
ALL COMPANIES

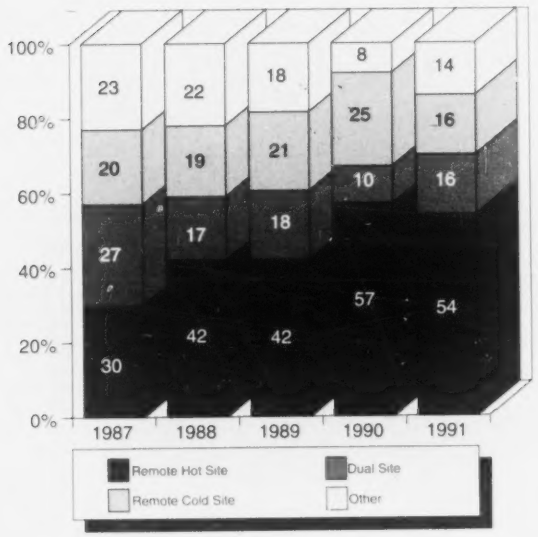


FIGURE 10-2

TYPES OF DISASTER RECOVERY PLANS, 1987–1991
RETAILERS

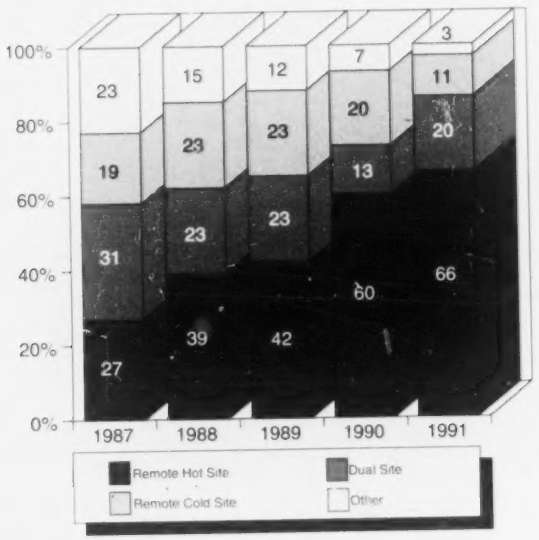


FIGURE 10-3

TYPES OF DISASTER RECOVERY PLANS, 1987–1991
WHOLESALERS

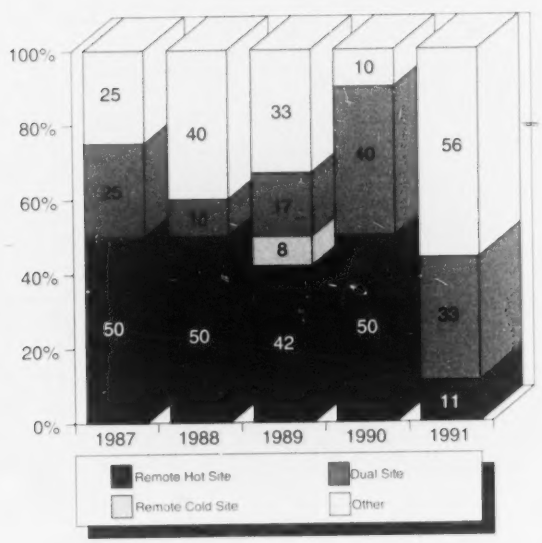


TABLE 9-1

FORMAL DISASTER RECOVERY PLAN BY SALES -- ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	80	22	7	14	22	15
	%	%	%	%	%	%
HAVE FORMAL DISASTER RECOVERY PLAN WHICH HAS BEEN REVIEWED IN PAST 12 MONTHS	58	50	29	50	55	93
TYPE OF DISASTER RECOVERY PLAN:						
TOTAL RESPONDENTS	44	11	2	7	11	13
REMOTE HOT SITE	54	45	-	29	64	77
REMOTE COLD SITE	16	36	50	-	9	8
DUAL SITE	16	-	-	43	18	15
OTHER	14	18	50	29	9	-
TOTAL RESPONDENTS	74	22	6	13	20	13
DISASTER RECOVERY PLAN TESTED IN LAST SIX MONTHS	36	23	-	31	30	92

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 9-2

FORMAL DISASTER RECOVERY PLAN BY SALES -- RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	60	19	4	10	16	11
	%	%	%	%	%	%
HAVE FORMAL DISASTER RECOVERY PLAN WHICH HAS BEEN REVIEWED IN PAST 12 MONTHS	60	53	25	30	69	100
TYPE OF DISASTER RECOVERY PLAN:						
TOTAL RESPONDENTS	35	10	1	3	10	11
REMOTE HOT SITE	66	50	-	67	70	82
REMOTE COLD SITE	20	40	100	-	10	9
DUAL SITE	11	-	-	33	20	9
OTHER	3	10	-	-	-	-
TOTAL RESPONDENTS	57	19	3	9	15	11
DISASTER RECOVERY PLAN TESTED IN LAST SIX MONTHS	37	21	-	22	33	91

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 9-3
FORMAL DISASTER RECOVERY PLAN
-- WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	20
	%
HAVE FORMAL DISASTER RECOVERY PLAN WHICH HAS BEEN REVIEWED IN PAST 12 MONTHS	50
TYPE OF DISASTER RECOVERY PLAN:	
TOTAL RESPONDENTS	9
REMOTE HOT SITE	11
REMOTE COLD SITE	-
DUAL SITE	33
OTHER	56
TOTAL RESPONDENTS	17
DISASTER RECOVERY PLAN TESTED IN LAST SIX MONTHS	35

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

OUTSOURCING INVOLVEMENT

About a fourth of all respondents reported being involved in outsourcing -- i.e., hiring outside firms to manage parts of the information systems function (Table 10-1). Over half of the respondents involved in outsourcing currently subcontract system development projects, followed by telecommunications type of work. Projects less likely to be outsourced are data centers, applications package maintenance, payroll processing, programming and software applications (Figure 11-1).

Q7A. WHICH INFORMATION SYSTEMS FUNCTIONS ARE YOU PRESENTLY OUTSOURCING?

FIGURE 11-1

OUTSOURCING INVOLVEMENT

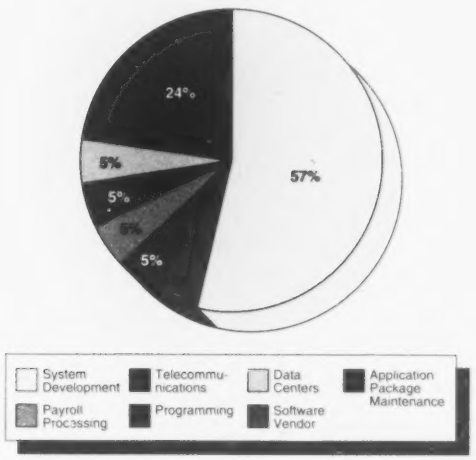


TABLE 10-1

OUTSOURCING INVOLVEMENT BY SALES – ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS INVOLVED IN OUTSOURCING	21	10	1	4	3	3
	%	%	%	%	%	%
SYSTEM DEVELOPMENT	57	60	-	50	67	67
TELECOMMUNICATION	24	20	-	-	33	67
DATA CENTERS	5	-	-	-	-	33
OTHER						
APPLICATION PACKAGE MAINTENANCE	5	-	-	25	-	-
PAYROLL PROCESSING	5	10	-	-	-	-
PROGRAMMING	5	10	-	-	-	-
SOFTWARE VENDOR	5	10	-	-	-	-

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 10-2

OUTSOURCING INVOLVEMENT BY SALES – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS INVOLVED IN OUTSOURCING	16	9	0	2	2	3
	%	%	%	%	%	%
SYSTEM DEVELOPMENT	63	67	-	-	100	67
TELECOMMUNICATION	25	11	-	-	50	67
DATA CENTERS	6	-	-	-	-	33
OTHER						
APPLICATION PACKAGE MAINTENANCE	6	-	-	50	-	-
PAYROLL PROCESSING	6	11	-	-	-	-
PROGRAMMING	6	11	-	-	-	-
SOFTWARE VENDOR	6	11	-	-	-	-

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 10-3

OUTSOURCING INVOLVEMENT – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS INVOLVED IN OUTSOURCING	5
	%
DATA CENTERS	-
SYSTEM DEVELOPMENT	40
TELECOMMUNICATION	20
OTHER	-

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

USAGE LEVELS OF SELECTED TECHNOLOGIES

More firms are evaluating various technologies as indicated by higher overall percentages of systems evaluated in 1991 compared to the past five years. For instance, in 1991 over half the respondents were evaluating computer assisted reorder systems and 49 percent were evaluating electronic shelf tags, figures never before reached in any system evaluated since 1987 (Table 11-1).

Companies are using a wider variety of technologies today than they have in the past five years. In 1991, respondents were asked to rate 19 selected technologies, all of which turned out to be used at limited levels. This compares to the 18 different technologies respondents rated in 1987 when only 13 applications turned out to be used at limited levels (Table 11-3). Moreover, of the 19 technologies companies were asked to rate in 1991, 17 were reported to be used at advanced levels, compared with only 12 applications used at advanced levels in 1987 out of the 18 respondents were asked to rate (Table 11-4).

Q8. PLEASE CHECK ONE BOX FOR EACH OF THE FOLLOWING TECHNOLOGIES, INDICATING YOUR COMPANY'S LEVEL OF EXPERIENCE FOR THAT TECHNOLOGY.

TABLE 11-1
COMPANIES EVALUATING SELECTED TECHNOLOGIES

	YEAR				
	1987	1988	1989	1990	1991
BAR CODES FOR STORE	--	9	6	--	--
BAR CODES FOR WAREHOUSE	--	26	25	26	--
COMPUTER ASSISTED REORDER	--	--	--	36	51
COMPUTER ASSISTED SYSTEMS	--	37	33	34	36
COMPUTER GRAPHICS	21	--	--	14	--
CUSTOMER OPERATED CHECKOUT	--	--	3	31	--
DATABASE	12	--	6	--	--
DEX/UCS/DSD	43	--	48	42	43
DISTRIBUTED PROCESSING DIVISION	6	--	12	--	--
DISTRIBUTED PROCESSING - IN-STORE	14	--	18	--	--
DIRECT PRODUCT PROFIT	--	--	--	30	--
EFT/ACH/POS	40	40	39	30	29
EFT/ATM (IN-STORES)	20	19	17	19	17
EFT SWITCH (IN-HOUSE)	--	--	--	29	26
ELECTRONIC MARKETING IN-HOUSE	--	--	--	41	32
ELECTRONIC SHELF TAGS	--	38	43	45	49
EXPERT SYSTEMS	37	37	36	37	36
IN-STORE PROCESSING	--	--	--	11	3
INFORMATION CENTER	22	10	9	--	--
ON-LINE TRAINING	21	26	23	22	23
ON-LINE DOCUMENTATION	16	21	14	--	--
OPEN SYSTEMS - AIX/UNIX	--	--	--	--	30
OPERATING SYSTEMS	--	--	--	--	21
OPERATING SYSTEMS: MS/DOS	--	--	--	--	3
OPERATING SYSTEMS: OS/2	--	--	--	--	38
PC WITH MAINFRAME CONNECTION	9	--	--	--	--
SATELLITE COMMUNICATIONS	--	--	--	35	29
SHELF SPACE ALLOCATION	--	--	--	24	18
UCS	33	33	19	22	25
TYPES OF TECHNOLOGIES BEING EVALUATED	13	11	16	18	18

TABLE 11-2
COMPANIES DEVELOPING SELECTED TECHNOLOGIES

	YEAR				
	1987	1988	1989	1990	1991
BARCODES FOR STORE	--	--	5	--	--
BARCODES FOR WAREHOUSE ITEMS	--	2	5	5	--
COMPUTER ASSISTED REORDER	--	--	--	15	8
COMPUTER ASSISTED SYSTEMS	--	5	6	4	8
COMPUTER GRAPHICS	5	4	6	--	--
DATABASE	10	9	6	1	--
DEX/UCS/DSD	11	9	3	9	7
DISTRIBUTED PROCESSING BET. DIVISION	8	1	11	--	--
DISTRIBUTED PROCESSING IN-STORE	18	13	19	--	--
DIRECT PRODUCT PROFIT	--	--	--	7	--
EFT/ACH/POS	11	6	17	8	5
EFT/ATM (IN STORES)	8	2	2	2	4
EFT SWITCH (IN-HOUSE)	--	--	--	3	6
ELECTRONIC MARKETING IN-HOUSE	--	--	--	14	3
ELECTRONIC MARKETING PACKAGE	--	--	--	--	3
ELECTRONIC SHELF TAGS	--	3	3	4	--
EXPERT SYSTEMS	2	3	13	4	8
INFORMATION CENTER	1	7	2	--	--
IN-STORE PROCESSING	--	--	--	12	4
ON-LINE DOCUMENTATION	8	4	11	--	--
ON-LINE TRAINING	9	8	8	6	3
OPEN SYSTEMS - AIX/UNIX	--	--	--	--	--
OPERATING SYSTEMS	--	--	--	--	7
OPERATING SYSTEMS: MS/DOS	--	--	--	--	6
OPERATING SYSTEMS: OS/2	--	--	--	--	9
PC'S WITH MAINFRAME CONNECTION	8	3	--	--	--
SATELLITE COMMUNICATIONS	--	--	--	4	5
SHELF SPACE ALLOCATION	--	--	--	9	9
UCS	11	9	12	9	--
TYPES OF TECHNOLOGIES BEING DEVELOPED	13	16	16	17	16

TABLE 11-3

COMPANIES WITH LIMITED USE OF SELECTED TECHNOLOGIES

	YEAR				
	1987	1988	1989	1990	1991
BARCODES FOR STORE	--	10	12	--	--
BARCODES FOR WAREHOUSE ITEMS	--	14	11	10	--
COMPUTER ASSISTED SYSTEMS	--	--	13	12	17
COMPUTER ASSISTED REORDER	--	--	--	8	9
COMPUTER GRAPHICS	39	50	48	--	--
CUSTOMER OPERATED CHECKOUT	--	--	--	4	--
DATA BASE	23	24	23	--	--
DEX/UCS/DSD	2	5	6	9	4
DISTRIBUTED PROCESSING BET DIVISION	18	17	11	--	--
DISTRIBUTED PROCESSING IN-STORE	26	20	19	--	--
DISTRIBUTED PROCESSING BET. DIVISION	--	--	11	--	--
DIRECT PRODUCT PROFIT	--	--	--	13	--
EFT SWITCH (IN-HOUSE)	--	--	--	4	4
EFT/ACH/POS	7	22	17	15	20
EFT/ATM (IN-STORES)	20	29	26	18	27
ELECTRONIC MARKETING IN-HOUSE	--	--	--	15	11
ELECTRONIC MARKETING PACKAGE	--	--	--	--	11
ELECTRONIC SHELF TAGS	--	6	3	3	7
EXPERT SYSTEMS	2	10	8	9	11
IN-STORE PROCESSING	--	--	--	28	41
INFORMATION CENTER	33	28	31	--	--
ON-LINE DOCUMENTATION	30	43	45	--	--
ON-LINE TRAINING	26	29	30	15	26
OPEN SYSTEMS - AIX/UNIX	--	--	--	--	18
OPERATING SYSTEMS: MS/DOS	--	--	--	--	21
OPERATING SYSTEMS	--	--	--	--	39
OPERATING SYSTEMS: OS/2	--	--	--	--	12
PC WITH MAINFRAME CONNECTION	45	48	44	--	--
SATELLITE COMMUNICATIONS	--	--	--	5	11
SHELF SPACE ALLOCATION	--	--	--	31	32
UCS	18	21	23	11	26
TYPES OF TECHNOLOGIES WITH LIMITED USE	13	16	18	17	19

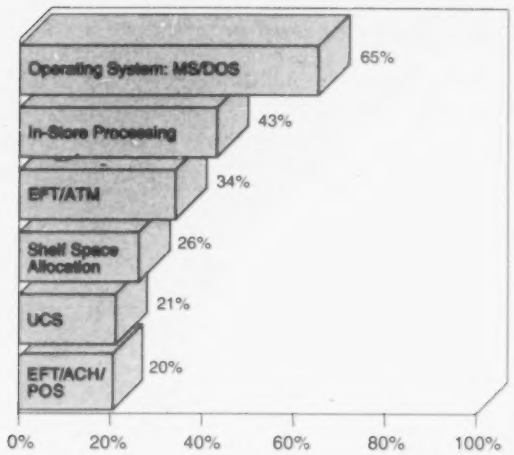
TABLE 11-4
COMPANIES WITH ADVANCED USE OF SELECTED TECHNOLOGIES

	YEAR				
	1987	1988	1989	1990	1991
BARCODES FOR STORE	--	75	69	--	--
BARCODES FOR WAREHOUSE ITEMS	--	34	28	17	--
COMPUTER ASSISTED SYSTEMS	--	9	2	4	4
COMPUTER GRAPHICS	9	10	17	--	--
COMPUTER ASSISTED REORDER	--	--	--	5	5
CUSTOMER OPERATED CHECKOUT	--	--	--	4	--
DATA BASE	40	44	48	--	--
DEX/UCS/DSD	10	6	13	9	6
DISTRIBUTED PROCESSING DIVISION	16	25	29	--	--
DISTRIBUTED PROCESSING - IN-STORE	22	29	39	--	--
DIRECT PRODUCT PROFIT	--	--	--	11	--
EFT SWITCH (IN-HOUSE)	--	--	--	9	14
EFT/ACH/POS	5	21	26	17	20
EFT/ATM (IN STORES)	16	20	--	33	34
ELECTRONIC MARKETING IN-HOUSE	--	--	--	12	6
ELECTRONIC MKTG. PACKAGE	--	--	--	--	12
ELECTRONIC SHELF TAGS	--	4	6	--	--
EXPERT SYSTEMS	--	--	2	3	--
IN-STORE PROCESSING	--	--	--	40	43
INFORMATION CENTER	21	36	39	--	--
ON-LINE DOCUMENTATION	15	9	9	--	--
ON-LINE TRAINING	8	10	9	10	4
OPEN SYSTEMS - AIX/UNIX	--	--	--	--	8
OPERATING SYSTEMS: MS/DOS	--	--	--	--	65
OPERATING SYSTEMS	--	--	--	--	19
OPERATING SYSTEMS: OS 2	--	--	--	--	10
PC'S WITH MAINFRAME CONNECTION	34	40	53	--	--
SATELLITE COMMUNICATIONS	--	--	--	3	5
SHELF SPACE ALLOCATION	--	--	--	21	26
UCS	9	19	25	25	21
TYPES OF TECHNOLOGIES WITH ADVANCED USE	12	16	16	16	17

The most popular types of technology currently being used at an advanced level among food distribution firms are operating systems (65 percent), in-store processing (43 percent), EFT/ATM's (34 percent) and shelf space allocation applications (26 percent) (Figure 12-1).

FIGURE 12-1

ADVANCED USE OF SELECTED TECHNOLOGIES



CONCERNS FOR THE FUTURE

Almost half of the respondents believe that the implementation of technology will be the single most important issue they will face in the next three years. A third of the respondents think that systems/hardware/software selection, support and maintenance will be their main concern, while roughly a fourth think they will be engaged primarily in cost-related issues (Figure 13-1). Retailers and wholesalers alike think that the implementation of technology and systems/hardware/software are the foremost issues. However, retailers rate cost management as a more important issue than wholesalers. The latter tend to regard systems integration more important than monetary issues (Tables 12-2 and 12-3).

Q8. WHAT ARE THE THREE HIGHEST CONCERNS OR ISSUES YOU, AS AN INFORMATION SYSTEMS EXECUTIVE FOR YOUR ORGANIZATION, FACE IN THE NEXT THREE YEARS?

FIGURE 13-1

CONCERNS OR ISSUES FACED

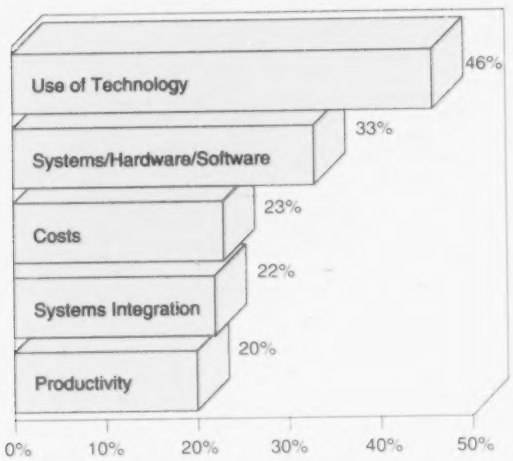


TABLE 12-1

CONCERNS OR ISSUES FACED -- ALL COMPANIES

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	69	19	6	12	19	13
	%	%	%	%	%	%
IMPLEMENTATION OR USE OF TECHNOLOGY	46	53	33	33	42	62
SYSTEMS/HARDWARE/SOFTWARE	33	47	33	42	21	23
COSTS	23	21	17	25	26	23
SYSTEM INTEGRATION	22	26	17	17	32	8
PRODUCTIVITY	20	21	33	-	21	31
CHANGING NATURE OF ORGANIZATION	19	5	17	17	21	38
INFORMATION SYSTEMS PERSONNEL/ STAFF	19	16	17	25	21	15
MANAGING GROWTH	13	-	17	25	21	8
REPLACING TECHNOLOGY/OBSOLESCE	12	-	-	33	11	15
CHANGING TECHNOLOGY	9	5	33	-	-	23
COMMUNICATIONS	9	16	-	8	11	-
MISCELLANEOUS	48	53	67	33	53	38

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 12-2
CONCERNS OR ISSUES FACED – RETAILERS

	TOTAL	TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
		$50-$249	$250-$499	$500-$999	$1000-$2999	$3 BILLION+
TOTAL RESPONDENTS	53	16	3	10	14	10
	%	%	%	%	%	%
IMPLEMENTATION OR USE OF TECHNOLOGY	42	50	33	30	29	60
SYSTEMS/HARDWARE/SOFTWARE	28	38	33	40	14	20
COSTS	26	25	33	20	36	20
CHANGING NATURE OF ORGANIZATION	23	6	33	20	29	40
SYSTEM INTEGRATION	21	31	-	20	29	-
PRODUCTIVITY	21	25	-	-	29	30
INFORMATION SYSTEMS PERSONNEL/ STAFF	19	19	33	20	14	20
MANAGING GROWTH	17	-	33	30	29	10
REPLACING TECHNOLOGY/OBSOLESCE	13	-	-	30	14	20
COMMUNICATIONS	11	19	-	10	14	-
CHANGING TECHNOLOGY	9	6	33	-	-	30
MISCELLANEOUS	45	44	67	40	50	40

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

TABLE 12-3
CONCERNS OR ISSUES FACED – WHOLESALERS

	TOTAL
TOTAL RESPONDENTS	16
	%
SYSTEM INTEGRATION	25
COSTS	13
CHANGING NATURE OF ORGANIZATION	6
INFORMATION SYSTEMS PERSONNEL/STAFF	19
SYSTEMS/HARDWARE/SOFTWARE	50
CHANGING TECHNOLOGY	6
IMPLEMENTATION OR USE OF TECHNOLOGY	63
MANAGING GROWTH	-
PRODUCTIVITY	19
COMMUNICATIONS	-
REPLACING TECHNOLOGY/ OBSOLESCE	6
MISCELLANEOUS	56

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

METHODOLOGY

The FMI Information Systems Study, now in its eleventh year, provides an overview of the current state of Information Systems departments in food distribution companies. The 1991 questionnaires were mailed to the top management information system executives of companies with annual sales of $50 million or more. A total of 80 usable questionnaires were obtained. A copy of the questionnaire is included in the back of this report.

The survey results have been tabulated according to company size and whether or not the firm is a retailer or wholesaler. Where appropriate, the reported averages have been weighted by company size. Statistical tests were used and cases where figures showed statistically significant differences.

Trend data from 1987 to 1991 are included in order to provide you insights on industry changes in the last five years. Most trend data are presented in graphic form, while 1991 data broken down by company sales are in tabular form.

A new question on outsourcing, which refers to hiring outside firms to manage the information system function, was added to this survey.

PROFILE OF RESPONDENTS

Of the 80 companies that responded, three-fourths were retailers and a quarter were wholesalers (Figure 14-1). A third had sales between $50-$499 million and two-thirds had annual sales of over $500 million (Table 13-1).

FIGURE 14-1

PROFILE OF RESPONDENTS

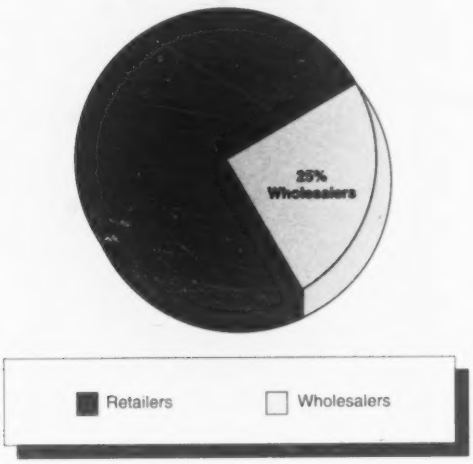


TABLE 13-1

RESPONDENTS BY SALES AND COMPANY TYPE

		TOTAL ANNUAL COMPANY SALES (IN MILLIONS OF DOLLARS)				
	TOTAL	$ 50-249	$ 250-499	$ 500-999	$ 1000-2999	$ 3 BILLION+
TOTAL	80	22	7	14	22	15
RETAILERS	60	19	4	10	16	11
WHOLESALERS	20	3	3	4	6	4

NOTE: UNWEIGHTED DATA

SOURCE: INFORMATION SYSTEMS STUDY, FOOD MARKETING INSTITUTE, 1991

FMI INFORMATION SYSTEMS STUDY, 1991

Each year, FMI conducts a survey on the information system (IS) activities of supermarket wholesalers and retailers. The purpose of the survey is to provide MIS executives with current statistics that will be helpful in assessing the performance of their own company's operation. In responding to this survey, please:

- Answer as many questions as possible.
- Only include information relating to divisions/departments that are involved with the information systems department.
- Answer questions using total food company information as opposed to individual divisions, etc.

All data will be held in *strict confidence*. If you have any questions please call Tim Cochran at FMI at **202-429-4551**.

INFORMATION SYSTEMS DEPARTMENT STAFFING

1. Please provide the total number of employees in your company directly involved in the information systems function. You may use fractional allocations where appropriate. (Employees listed in Question 1 will typically be part of the IS department/division, not a user group.)

	Number of Employees in Information Systems Department	Totals
IS Administration:		
General Administration/Secretarial	_____	
Senior Management	_____	
Total Management		_____
Systems:		
Administration & Management	_____	
Data Base/Data Administration	_____	
Project Management	_____	
Development (Analysts/Programmers)	_____	
Other	_____	
Total Systems		_____
Operations:		
Administration, Management, Supervision	_____	
Operations	_____	
Data Entry Employees	_____	
Other	_____	
Total Operations		_____
Additional Support Areas:		
Store Systems Support	_____	
Scanning Support	_____	
Information Center	_____	
Help Desk	_____	
Data Security	_____	
Training	_____	
Telecommunications Voice	_____	
Telecommunications Data	_____	
Technical Support/Systems Programmers	_____	
Quality Assurance	_____	
Other	_____	
Total Additional Support Areas		_____
TOTAL EMPLOYEES		_____

2. For this fiscal year, please provide the PERCENT OF YOUR TOTAL COMPANY INFORMATION SYSTEMS EXPENSE BUDGET allocated to each of the following areas. Please exclude all equipment and maintenance costs for in-store systems. (Please give percents as two-digit numbers plus one decimal place, i.e., 12.5%)

Wages and Salaries	___.__%
Employee Fringe Benefits	___.__%
Equipment: Rental and Lease	___.__%
Maintenance	___.__%
Depreciation	___.__%
Software Rental, Amortization/Software Purchase	___.__%
Voice Communications	___.__%
Data Communications	___.__%
Service Bureaus	___.__%
Outside Professional Services	___.__%
Education, Training	___.__%
Supplies	___.__%
Overhead (occupancy, copies, printing)	___.__%
Disaster Recovery*	___.__%
Other	___.__%
TOTAL	100.0%

* Funds allocated to offsite storage of information and backup computer processing capabilities.

3. Please provide the following IS expense budget numbers for this fiscal year. (Please give percents as three-digit numbers, with at least one digit on each side of decimal point, i.e., twelve percent = 12.0%, one tenth of one percent = 0.10%)

a. Dollars of total company expense budget allocated for IS WAGES AND SALARIES?

Including fringe benefits	$_____
Excluding fringe benefits	$_____

b. Dollars of TOTAL COMPANY EXPENSE BUDGET for all IS items covered in Question 2.. $_____

c. Percent of net food company SALES BUDGETED FOR THE IS DEPARTMENT for this fiscal year ..... __.__%

d. Actual IS DOLLARS SPENT for most recently completed fiscal year as a PERCENT of net company sales ..... __.__%

e. EXPECTED PERCENT INCREASE in your budget for IS items in the upcoming fiscal year __.__%

f. What percent of your total IS expense budget is allocated to:

A. Store Systems	___.__%
B. Headquarter/Distribution Center Systems	___.__%
TOTAL	100.0%

g. Would you be willing to provide further details of IS department expenditures? **(Circle)** /1/ Yes /2/ No

INFORMATION SYSTEMS ACTIVITIES & TECHNOLOGY

4. What percent of systems development activity including your own and vendor time is allocated to New applications/major enhancements for:

Store Systems/Scanning Support	___%
Internal IS projects (research, performance, improvement, CASE technology, etc.)	___%
Maintenance and problem-solving	___%
Other (please list) _____	___%
	100%

5a. Do you have a formal disaster recovery plan that has been reviewed in the last 12 months? **(Please circle)**
/1/ Yes (Go to Question 5b) /2/ No (Go to Question 5c)

5b. What type of disaster recovery plan do you have:
A. Remote hot site /1/ C. Dual site /3/
B. Remote cold site /2/ D. Other /4/

5c. Have you tested the disaster recovery plan in the last six months? ..... /1/ Yes /2/ No

6. Does the IS department have budgetary responsibility for:

Mail Room	/1/ Yes	/2/ No
Word Processing	/1/ Yes	/2/ No
Voice Communication	/1/ Yes	/2/ No
Personal Computers	/1/ Yes	/2/ No
Retail Services	/1/ Yes	/2/ No

7. Are you involved in "outsourcing" (hiring an outside firm to manage parts of your IS function)?
(Please circle) /1/ Yes (Please answer Question 7a) /2/ No

7a. Which IS functions are you presently outsourcing? **(Please circle)**

Data Centers	/1/ Yes	/2/ No
System Development	/1/ Yes	/2/ No
Telecommunication	/1/ Yes	/2/ No
Other (Please list)	_____	
	_____	
	_____	

8. Please **CIRCLE** the corresponding number in the grid indicating the HIGHEST level that your company has experienced for that technology and the number of stores involved.

LEVEL OF EXPERIENCE

TECHNOLOGY	EVALUATION	DEVELOPMENT	LIMITED USE	ADVANCED USE	NUMBER OF STORES (if applicable)	NOT APPLICABLE
STORE SYSTEMS						
Computer Assisted Reorder	1	2	3	4	_____	5
In-Store Processing (other than scanning)	1	2	3	4	_____	5
Operating Systems: UNIX	1	2	3	4	_____	5
MS/DOS	1	2	3	4	_____	5
OS/2	1	2	3	4	_____	5
Electronic Shelf Tags	1	2	3	4	_____	5
Shelf Space Allocation (Space Mgmt)	1	2	3	4	_____	5
Electronic Mktg (Freq Shop/Elec Coupons) In-house	1	2	3	4	_____	5
Package	1	2	3	4	_____	5
EFT Switch (In-house)	1	2	3	4	_____	5
EFT/ATM (In Stores)	1	2	3	4	_____	5
EFT/ACH/POS (at Checkout)	1	2	3	4	_____	5
DEX/UCS	1	2	3	4	_____	5

LEVEL OF EXPERIENCE

TECHNOLOGY	EVALUATION	DEVELOPMENT	LIMITED USE	ADVANCED USE	NUMBER OF STORES (If applicable)	NOT APPLICABLE
HOST SYSTEMS						
UCS	1	2	3	4	_____	5
Expert Systems	1	2	3	4	_____	5
Satellite Communications	1	2	3	4	_____	5
On-line Training	1	2	3	4	_____	5
Comp Assist Systems Engineering (CASE)	1	2	3	4	_____	5
Open Systems -- AIX/UNIX	1	2	3	4	_____	5

GENERAL INFORMATION

8. What are the three highest concerns or issues you, as an MIS executive for your organization, face in the next three years?

   A._____

   B._____

   C. _____

9. Is your company primarily (majority of your sales) a food: **(Please circle)**

   /1/ Retailer? /2/ Wholesaler?

10. How many supermarkets (those food stores with at least $2 million annual sales) do you:

    a. Operate? _____ Supermarkets
    b. Service? _____ Supermarkets

11. What were your total 1990 supermarket sales? $__ __, __ __ __ . __ million

12. May we list your company as a participant in this report? **(Please circle)** /1/ Yes /2/ No

Your participation and cooperation is greatly appreciated. A complimentary copy of the completed report will be sent to your attention.

Name: _____

Title: _____

Company: _____

Address: _____

_____

Telephone: _____

Please return questionnaire to:

Tim Cochran
Manager, Research
FMI
1750 K Street, N.W.
Washington, DC 20006-2394
(202) 429-4551

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